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FISCAL IMPACT STATEMENT

LS 6647

BILL NUMBER: SB 259

NOTE PREPARED: Mar 20, 2006

BILL AMENDED: Mar 14, 2006

SUBJECT: Stadium Funding.

FIRST AUTHOR: Sen. Kenley

FIRST SPONSOR: Rep. Espich

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Stadium & Convention Building Authority* The bill provides immunity from personal liability and accountability to the members, executive director, officers, and employees of the Indiana Stadium and Convention Building (IsCB) Authority for acts authorized by the ISCB Authority's enabling statute.

The bill provides conditions under which the ISCB Authority may negotiate with a single bidder.

The bill permits the ISCB Authority to waive payment bond and performance bond requirements for contracts for capital improvement projects under certain conditions if an adequate alternative is provided.

Termination of State Revenue Capture for Stadium: The bill provides for the termination of the annual capture of \$11,000,000 of state revenue for use to pay obligations owed by the Marion County Capital Improvement Board to the Indiana Stadium and Convention Building Authority or a state agency. The bill also provides that after January 1, 2010, the annual capture terminates in the year following the first year when none of the obligations remain outstanding.

Effective Date: Upon Passage; May 15, 2005 (retroactive); July 1, 2006.

Explanation of State Expenditures: *Stadium & Convention Building Authority:* Under the bill, if the Indiana Stadium and Convention Building Authority (ISCBA) receives only one bid for the construction of a capital improvement, it may negotiate a more advantageous proposal and contract with the single bidder, if it determines that: (1) rebidding is not practicable or advantageous; or (2) rebidding would adversely affect the

construction schedule or budget of the project. The potential impact on project costs involving stadium and convention center improvements is indeterminable and would depend on action by the ISCBA.

In the event the ISCBA receives only one bid on a capital improvement project, the bill requires the ISCBA to prepare a bid file containing various documents, including:

- (1) all the documents included as part of the invitation for bids;
- (2) a list of all persons to whom copies of the invitation for bids were given;
- (3) the basis on which the bid was accepted;
- (4) documentation of the negotiating process with the bidder;
- (5) the entire contents of the contract file except for proprietary information included with the bid not required to be made public by the terms of the invitation for bids.

The bill also allows the ISCBA to waive the payment bond requirements under current statute for contracts for public works projects if the ISCBA determines that: (1) an otherwise responsive and responsible bidder is unable to provide the required payment bond; or the cost or coverage of the payment bond is not in the best interest of the project; and (2) an adequate alternative is provided through a letter of credit, additional retainage of at least 10% of the contract amount, a joint payable check system, or other sufficient protective mechanism. In addition, the bill allows the ISCBA to waive the performance bond requirements under current statute under the same conditions.

Explanation of State Revenues: *Termination of State Revenue Capture for Stadium:* The bill requires the annual capture limit in the Marion County Professional Sports Development Area (PSDA) to be reduced from \$16 M to \$5 M once no obligations for stadium and convention center improvements are owed to the Indiana Stadium and Convention Building Authority (ISCBA) by the Marion County Capital Improvement Board (CIB).

Current statute allows the State Budget Director to increase the state income and sales tax capture limit in the Marion County PSDA from \$5 M annually to \$16 M annually from July 1, 2007, to January 1, 2041. This determination was required on or before October 1, 2005, as a condition of the ISCBA issuing more than \$500 M in bonds to finance stadium and convention center capital improvements. This determination has been made by the State Budget Director. The additional money captured in the PSDA is to be distributed to the Marion County CIB. Currently, payments from the CIB to the ISCBA for stadium and convention center improvements are expected to continue through 2040.

Individual AGI Tax and Sales and Use Tax collections in the Marion County PSDA exceeded the \$5 M capture limit by \$3.89 M in FY 2002, \$4.2 M in FY 2003, and \$5.5 M in FY 2004. Currently, the Marion County PSDA includes Conseco Fieldhouse, the Indiana Convention Center, the RCA Dome, Victory Field, the Colts' practice facility, and the site of Indiana Stadium.

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Revenues*.

State Agencies Affected: Indiana Stadium and Convention Building Authority.

Local Agencies Affected: Marion County CIB.

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